

Sixth Semester B.Com. Degree Examination, May/June, 2025

(NEP Scheme)

COMMERCE

(NCF 0230) Management Accounting

Time : 2 Hours

Max. Marks : 60

Instructions to students:

1. The students should legibly write section number along with question numbers.
2. The answers without section number and question numbers will not be valued.
3. Section - I Multiple choice questions should be answered in the first page of main answer book and some questions shall not be answered repeatedly.
4. Any identifications like marking, ticking, dots etc., in the options of MCQ Questions (Section-I) on the question paper is strictly prohibited. Do not write anything (except register number) on the question paper.

SECTION - I

- I. Select the most appropriate answer from the options provided.

ONE mark each.

(10x1=10)

- I-1. The basic financial statements include
- a) Statement of Cash Flows
 - b) Profit and Loss Account
 - c) Balance Sheet
 - d) All of the above
- I-2. What is the main function of Management Accounting?
- a) Planning
 - b) Decision Making
 - c) Direction
 - d) Provision of Information to Management
- I-3. Which of the following are not the tools of Management Accounting?
- a) Trial Balance
 - b) Cash Flow Statement
 - c) Ratio Analysis
 - d) Fund Flow Statement
- I-4. Management Accounting is a branch of accounting concerned with reporting to:
- a) Shareholders
 - b) Internal Managers
 - c) Banks
 - d) Government
- I-5. Two basic measures of liquidity are _____.
- a) Current ratio and Quick ratio
 - b) Gross Profit ratio and Operating ratio
 - c) Current ratio and Average collection period
 - d) Inventory turnover and Current ratio
- I-6. Generally, the Current Ratio of _____ and Liquid Ratio of _____ are considered satisfactory.
- a) 1:1, 2:1
 - b) 2:1, 1:1
 - c) 3:1, 2:1
 - d) 2:1, 4:1

I-7. In Cash Flow Statement, Cash flow is generated from which of the following activity:-

- a) Operating activities
- b) Investing activities
- c) Financing activities
- d) All of the above

I-8. Cash flow example from an Investing Activity is

- a) Issue of Debentures
- b) Repayment of Long-term Loan
- c) Purchase of Raw Materials for Cash
- d) Sale of Fixed Asset

I-9. Which of the following ratio indicates the relation between net credit sales and trade debtors:

- a) Debtors Turnover Ratio
- b) Creditors Turnover Ratio
- c) Fixed Asset Turnover Ratio
- d) Capital Turnover Ratio

I-10. Which of the following is an Objective of the Management Audit?

- a) Evaluate the potential of policies and Planning
- b) Verify Efficiency
- c) Give recommendation to increase efficiency
- d) All of the above

SECTION - II

II. Answer any FIVE of the following questions. THREE marks each. (5x3=15)

II-1. Define Management Accounting.

II-2. What do you mean by analysis of financial statements?

II-3. What is Management Audit?

II-4. The following information relates to Souparna Ltd:
 10% Preferential Shares of Rs. 10 each - ₹ 50,00,000
 Equity shares of Rs. 100 each - ₹ 70,00,000
 Profit after tax @ 50% - ₹ 15,00,000
 Calculate the EPS.

II-5. Calculate Quick Ratio from the following data:

Current Assets - ₹ 50,000 ; Current Liabilities - ₹ 20,000 ; Inventory - ₹ 14,000

II-6. From the following data calculate Trend Analysis

	(₹) 2021	(₹) 2022	(₹) 2023
Sales	2,00,000	3,00,000	4,00,000
Selling Expenses	1,00,000	2,00,00	3,00,000
Administrative Expenses	15,000	20,000	40,000
Net Profit	85,000	80,000	60,000

- II-7. From the given information below calculate Debt Equity Ratio:
 Equity Share Capital Rs. 7,00,000/-, Preference Share Capital Rs. 3,00,000/-
 General Reserve Rs. 1,00,000/- 12% Debentures 2,00,000
- II-8. Mention three Cash Inflow and Cash Outflow from Investing Activities.

SECTION - III

III. Answer any THREE of the following questions, FIVE marks each. (3x5=15)

- III-1. State the objectives of Management Accounting.
- III-2. Explain steps involved in Management Audit.
- III-3. A firm has a current ratio of 3:1. Its net working capital is Rs. 2,00,000/-. You are required to calculate (i) Current assets and (ii) Current Liabilities.
- III-4. From the following information of Ramesh Ltd. for the year 2022 and 2023, prepare common size statement:

	(₹) 2022	(₹) 2023
Net Sales	7,50,000	1,00,000
Cost of goods sold	5,00,000	6,00,000
Operating Expenses	50,000	1,00,000
Non-operating expenses	10,000	25,000
Income Tax	40,000	60,000

- III-5. From the following balances calculate Cash from Operations:

	2020 (₹)	2021 (₹)
Debtors	9,000	11,500
Bills Receivables	50,000	47,000
Creditors	9,000	7,000
Bills Payable	20,000	25,000
Outstanding expenses	1,100	1,300
Profit made during the year	-	70,000

SECTION - IV

IV. Answer the following questions. TEN marks each. (2x10=20)

- IV-1. What are the limitations of Management Accounting ? Explain the differences between Management Accounting and Financial Accounting.

OR

The following balance sheet of ABC Ltd. are given:

Liabilities	2021 (Rs.)	2022 (Rs.)	Assets	2021 (Rs.)	2022 (Rs.)
Equity Share Capital	3,00,000	4,00,000	Land & Building	2,00,000	1,70,000
Preference Capital	1,50,000	10,00,000	Machinery	80,000	2,00,000
General Reserve	40,000	70,000	Goodwill	1,15,000	90,000
Profit & Loss A/c.	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
TOTAL	6,77,000	8,17,000		6,77,000	8,17,000

You are required to prepare Comparative Balance Sheet & also comment.

- IV-2. What are the objectives of Cash Flow Statement? Explain the difference between Cash Flow Statement and Fund Flow Statement.

OR

Following are the summarised Balance Sheet of Amith Ltd. as on 31.12.2022 and 31.12.2023.

Liabilities	2022 (Rs.)	2023 (Rs.)	Assets	2022 (Rs.)	2023 (Rs.)
Share Capital	1,00,000	1,50,000	Land and Building	1,00,000	90,000
General Reserve	50,000	60,000	Plant and Building	1,00,000	1,19,000
P & L A/c.	30,500	30,000	Stock	50,000	24,000
Bank Loan	70,000	-	Debtors	75,000	63,200
Creditors	50,000	37,200	Cash	500	1,000
Provision for taxation	32,000	35,000	Bank	2,000	15,000
			Goodwill	5,000	-
	3,32,500	3,12,200		3,32,500	3,12,200

Following are adjustment during the year ended 31.12.2023.

- Dividend paid Rs. 23,000.
- Depreciation written off on building Rs. 10,000 and machinery Rs. 14,000.
- Income Tax paid during the year Rs. 28,000.

Prepare a Cash Flow Statement under Indirect method for the year ended 31.12.2023.
